



SURFACE TRANSPORTATION BOARD

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STATEMENT FROM STB CHAIRMAN MARTIN J. OBERMAN ON EXECUTIVE ORDER ON COMPETITION

Today the White House issued an Executive Order, “Promoting Competition in the American Economy.” The Executive Order affirms historical facts and principles that have underpinned our nation’s economic success: namely, that a “fair, open, and competitive marketplace has long been a cornerstone of the American economy,” and that “[r]obust competition is critical to preserving America’s role as the world’s leading economy.” The Executive Order further reaffirms the policy of the United States to combat excessive concentration of industry, abuses of market power, and the harmful effects of monopoly and monopsony.

While recognizing the independence of the Surface Transportation Board (STB), the Executive Order names the STB as one of the federal agencies statutorily charged with protecting the “conditions of fair competition” through the exercise of its authority. More specifically, the Executive Order encourages the STB to consider actions which further competition in the rail industry; provide accessible remedies to shippers; and focus on vigorously enforcing and accounting for on-time performance standards to avoid unwarranted delays in passenger rail service.

During my time on the Board, I have been continually concerned with the significant consolidation in the rail industry that happened as a result of a series of mergers decades ago, which dramatically reduced the number of Class I carriers. It is apparent that while consolidation may be beneficial under certain circumstances, it has also created the potential for monopolistic pricing and reductions in service to captive rail customers. Since consolidation, productivity gains often have been retained by carriers in lieu of being passed on to consumers, as would be expected in a truly competitive marketplace. For these reasons, I have previously stated my concerns with the sufficiency of competition in the rail industry and my interest in exploring ways the Board can improve the rail industry’s competitive landscape in order to ensure fairer pricing. In my opinion, competition in the freight marketplace is paramount. In the absence of a truly competitive marketplace, the Board can and should focus on using its competition-related authorities where feasible and reforming its competition policies where necessary.

Accordingly, while underscoring that the STB is an independent agency and that maintaining its independence is vital, I welcome the nationwide policy contained in this new Executive

Order. The President's emphasis on improving the competitive landscape across the entire economy fits well with my view of the Board's mission in the current rail environment.

In harmony with the White House's policy that the federal government should seek to boost competition nationwide, as I have previously indicated since being named as Chairman, I intend to urge my fellow Board members to prioritize and strongly consider the concepts embodied in several measures which are already pending or have been recommended by Board staff or stakeholders, including but not limited to reforming the Board's competitive access policies; enhancing shipper visibility into first mile/last mile service; and increasing the practical accessibility of rate relief measures to shippers in market dominant situations.

In addition, I know that the Board takes seriously the administration's emphasis on ensuring that passenger rail is not subject to unwarranted delays and interruptions in service. Freight railroads have obligations to facilitate timely passenger rail service. Earlier this year, I formed an internal working group to advise the Board on the resources necessary to fulfill the agency's responsibilities to investigate compliance with the new on-time performance standards and, starting next year, to ensure that those standards are enforced. I will be making an announcement about those efforts in the near future.

I join the concerns raised by the White House in this Executive Order. Competition is critical to the health of the rail industry and the significant role rail serves in the larger economy, and this Executive Order will help focus attention on these important issues.

The Executive Order can be viewed on the White House website [here](#).

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